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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

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Arizona Corporation Commission

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KRISTIN K. MAYES, Chairman
GARY PIERCE
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SANDRA D. KENNEDY
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AZ CORP COMMISSION
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IN THE MATTER OF THE APPLICATION
OF DELLS WATER COMPANY, INC. FOR
FINANCING APPROVAL.

DOCKET NO. W-01384A-08-0048

PROCEDURAL ORDER

BY THE COMMISSION:

On January 25, 2008, Dells Water Company, Inc. ("Company" or "Applicant") filed with the Arizona Corporation Commission ("Commission") an application requesting authorization to incur long-term financing for a \$30,000 loan to fund two new 10,000 gallon storage tanks. With its application, the Company is seeking the Commission's approval to borrow up to \$30,000 from the Water Infrastructure Financing Authority ("WIFA") for a period not to exceed 20 years at an interest rate to be determined when the loan is funded. The Company is requesting Commission approval in the application to impose a \$3.35 surcharge per customer per month to repay the proposed long-term financing.

On January 15, 2009, the Commission's Utilities Division ("Staff") filed its Staff Report which recommends approval of the Company's application. Staff projects that the Company's current rates approved in Decision No. 70102 (December 21, 2007) generate sufficient operating income and cash flow to enable the Applicant to service the proposed debt.¹ Staff specifically recommends the denial of the Company's proposed surcharge to satisfy long-term debt payments in its Application. In its report, Staff suggests to the Applicant that approval of any form of rate increase including the proposed surcharge should take place in a rate proceeding.

On January 26, 2009, the Company filed objections to Staff's recommendation which found

¹ A compliance requirement for the Company in Decision No. 70102 required the Applicant to file by December 31, 2008, a copy of the Arizona Department of Environmental Quality Certificate of Approval of Construction for the increased storage capacity.

1 that the Company had a sufficient cash flow to address the proposed long-term debt by utilizing those
2 rates authorized in Decision No. 70102. According to the Company's objections, it does not believe
3 that the remaining cash flow would be sufficient to meet the needs of the Company if it had a
4 "significant" maintenance problem. The Company continues to maintain that it is desirous of
5 imposing a surcharge for the proposed debt.

6 Since it is not entirely clear whether the Company wishes to continue with this Application
7 without approval of its proposed surcharge, Applicant should file a response to this Procedural Order.
8 The response should indicate whether the Company wishes further Commission action on Staff's
9 recommendation that the application be approved without a surcharge or that the application be
10 dismissed because Applicant does not believe it has sufficient cash flow to service its requested long-
11 term debt herein.


12 IT IS THEREFORE ORDERED that the Dells Water Company, Inc., shall file a written
13 response by February 16, 2009, which indicates whether it wishes to proceed with its application for
14 Commission approval which will enable the Company to secure long-term financing from WIFA for
15 additional storage capacity.

16 IT IS FURTHER ORDERED that all parties must comply with Rules 31 and 38 of the Rules
17 of the Arizona Supreme Court and A.R.S. § 40-243 with respect to practice of law and admission *pro*
18 *hac vice*.

19 IT IS FURTHER ORDERED that the Presiding Administrative Law Judge may rescind, alter,
20 amend, or waive any portion of this Procedural Order either by subsequent Procedural Order or by
21 ruling at hearing.

22 DATED this 28TH day of January, 2009.

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MARC E. STERN
ADMINISTRATIVE LAW JUDGE

1 Copies of the foregoing mailed/delivered
2 this 28th day of January, 2009 to:

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4 DELLS WATER COMPANY, INC.
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By: 

Debra Broyles
Secretary to Marc Stern